



# NEWS RELEASE

CALIFORNIA SECRETARY OF STATE **KEVIN SHELLEY**

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## **Shelley Calls on FPPC to Investigate Secret Campaign Donations; Sponsors Legislation to Close Campaign Finance Loophole**

*Says Legislation Necessary to Fix Major Problem with California's Campaign Finance Laws*

SACRAMENTO --- In the wake of serious allegations that massive amounts of money were secretly funneled from 21<sup>st</sup> Century Insurance Group to candidates just before the November 5, 2002 general election, Secretary of State Kevin Shelley today called on the state's Fair Political Practices Commission to open a formal investigation into the matter. Additionally, Shelley announced legislation he will sponsor to close the loophole in campaign finance laws that will prevent similar cases from occurring.

"This is a serious flaw in California's campaign finance laws that must be addressed immediately in order to prevent similar stunts from occurring," said Secretary of State Kevin Shelley. "The fact that 21<sup>st</sup> Century was able to delay reporting and obscure from voters massive amounts of campaign donations right before the last election is disturbing, and underscores the need for legislation to solve the problem."

Revelations have surfaced that on October 21, 2002, 21<sup>st</sup> Century Insurance Group made contributions totaling \$1 million to the State Republican Party and 15 republican central committees. Because the contributions were to a political party, rather than directly to a candidate or recipient committee, immediate disclosure was not required – unlike the case for other major donors in the 16 days leading up to Election Day. The contributions from 21<sup>st</sup> Century were not required to be disclosed until annual statements were due on January 31, 2003.

Secretary Shelley's proposed legislation will change the reporting requirements for political parties so that they are required to report within 24-hours any contribution more than \$1,000 received within the 16-day period leading up to Election Day. Shelley will soon announce additional legislative proposals that will further strengthen California's campaign finance laws.

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